BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of)	DOCKET NO. UE-050738
PUGET SOUND ENERGY,)	ORDER NO. 01
Petitioner,)	
For an Order Establishing Compliance with RCW 80.08.040,)	
with Respect to its Proposal to issue \$300,000,000 senior secured fixed rate)	ORDER ESTABLISHING COMPLIANCE WITH RCW
notes.)	80.08.040
)	

BACKGROUND

- On May 17, 2005, Puget Sound Energy (Company) filed a statement of a planned securities issuance with the Washington Utilities and Transportation Commission (Commission). The Company requests an order affirming that it is in compliance with the requirements of RCW 80.08.040. In its application the Company proposes to issue and sell up to \$300,000,000 of fixed rate senior secured notes. The application is filed pursuant to Chapter 80.08 RCW and the requirements of WAC 480-146-290.
- According to the application and supporting materials submitted by the Company in its application, the proceeds of the financing are for one or more of the purposes allowed by RCW 80.08.030. The Company indicates that the pricing for the proposed security will be based upon current spreads for "BBB" rated bonds over a Treasury rate it locked into in 2004. The application indicates that the current long-term interest rates are at an all time low with spreads continuing to decline. However, the supporting materials indicate that the pricing will be based upon a financial hedge the Company entered into in 2004 that locked the treasury rate for purposes of this financing.

FINDINGS AND CONCLUSIONS

- Puget Sound Energy is engaged in the business of providing electric and natural gas service within the state of Washington. As a public service company, it is subject to the jurisdiction of the Commission under the provisions of Chapter 80.08 RCW.
- 4 (2) As to form, the application herein meets the requirements of Chapter 80.08 RCW and the rules and regulations of the Commission adopted pursuant thereto. *Chapter 480-146 WAC*.
- 5 (3) This matter was brought before the Commission at its regularly scheduled meeting on June 15, 2005.
- The Company's application in this Docket contains: (a) a certification by an authorized officer that the proceeds will be used for one or more purposes allowed by RCW 80.08.030; (b) a description of the proposed issuance, including the terms of financing, and (c) a statement as to why the proposed transaction is in the public interest.

ORDER

THE COMMISSION ORDERS:

- 7 (1) Puget Sound Energy complied with the requirements of RCW 80.08.040 with respect to the proposals set forth in its application to issue \$300,000,000 of fixed rate senior secured notes.
- 8 (2) The Company shall file a Report of Securities Issued as required by WAC 480-146-340. The Company is also required to file verified copies of any agreement entered into in connection with any transaction pursuant

to this Order. Finally, the Company shall file a verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to this Order.

This Order shall in no way affect the authority of this Commission over rates, services, accounts, valuations, estimates, or determination of costs, or any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs, or any valuation of property claimed or asserted.

The Commissioners, having determined this filing complies with the requirements of Chapter 80.08 RCW, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective this 15th day of June, 2005.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary